

GASB STATEMENT 34 COMPLIANCE PEER EXCHANGE: WHAT, WHY, AND HOW BREAKOUT SESSIONS REPORT

Are there any DOT's that will not participate in GASB 34? (Other)

None

What is the current split of states for "depreciation" versus "modified?" (MT, TX, Other)

<u>Depreciation</u>	<u>Leaning to</u> <u>Depreciation</u>	<u>Modified</u>	<u>Leaning To</u> <u>Modified</u>	<u>Both</u>	<u>Undecided</u>
Connecticut	New York	Alabama	District of Columbia	Idaho	Montana
Georgia		Arizona	New Hampshire	Texas	
Hawaii		Colorado	Virginia		
Iowa		Delaware	Pennsylvania		
Louisiana		Florida	Alaska		
Maryland		Illinois			
Massachusetts		Indiana			
Mississippi		Kansas			
Nebraska		Kentucky			
New Jersey		Maine			
North Carolina		Michigan			
Oklahoma		Minnesota			
Rhode Island		Missouri			
South Carolina		Nevada			
Vermont		New Mexico			
West Virginia		Ohio			
		South Dakota			
		Tennessee			
		Utah			
		Washington			
		Wisconsin			
		Wyoming			

Do states that lean toward or have decided for the depreciation approach plan to migrate to modified option? (Other)

Alaska
New Hampshire
Pennsylvania
Virginia

ASSET DEFINITIONS AND GROUPINGS

At what level of detail are states capitalizing their infrastructure, i.e., networks versus subsystems versus components? (AL, CO, KY, NM, WV)

- Capitalize on Component level, Report on network (more aggregate)
- Cost used as basis for capitalization
- Program type can be used as criteria for Cap/Exp. (const. Vs mtce)
 - Alabama – Int, other Fed, State?
 - Alaska – Roads, ROW, airports, ports, ferry system
 - Indiana – Harbor, Bridge & Roads
 - Kansas – Hwy (int. & other), Bridge & ROW
 - Maine – By functional class
 - Minnesota – Function class

Nevada – Roads with bridge & ROW
Virginia – Int, primary, secondary
Wyoming – NHS vs non-NHS

Network

New York, Tennessee, Texas - Roadway, Bridge, Land – Reporting at this level, capturing at subsystem

Subsystems

Alabama – Interstate, Other NHS, Other state routes, ROW, Bridges – Tunnels (IS, NHS, other)

Nebraska – Interstate, expressway, other

Components

District of Columbia – Block or type of funding

South Dakota

New Mexico

How are states defining infrastructure? (MT)

Roads	Maintenance Yards
Bridges	Dams
Airfields	Weigh Stations
Rest Areas	Harbors
Railroads	Tunnels
Undefinable life span	Land
ROW	Provides benefit to customer
Not already covered	Illinois- Value of \$100 K – forward; Value of \$250 M - backwards

LEAD STATES

Are there any states ahead of the game with regard to data gathering/compilation? If so, which states? (DC)

Kansas

Louisiana

Maryland

Minnesota – Different approach to calculating historical cost of roads & ROW

Mississippi

New Jersey

Oklahoma

Pennsylvania

Wyoming – Accounting linkages to AM system to identify what has been capitalized. PR534 (500 series)

Any best practice states out there? Have any states fully implemented GASB 34? (TX)

Kansas, Minnesota, Nevada, Wyoming – Team approach

TECHNICAL SUPPORT

Will the states' approaches be broken out in a table format to indicate the infrastructure approach taken? (OH)

Check with Georgia – Narrative and Table

How many DOTs will need outside assistance with their program? (Other)

Alabama – modified/implementation and design through consultant; University

Illinois – KMPG and D&T

Indiana – D&T

Kansas – pre-audit

Montana – “logical decision process” (hire new accountant); look to outside help for direction from Consultant

New Mexico – Implementation by consultant

Is it better to be a leader or follower in implementation (i.e., are you better off learning from others?) (Other)

Leader

Oklahoma

ONT – shaping what GASB says

Mississippi

Tennessee – get it out there before someone mandates something

Texas – GASB 34 is a starting point – be a leader because there is more to come

Follower

All others using modify

How are states configuring their reporting so as not to have to spend 6 months working just on GASB 34 in each year? (KY)

Alabama – programs set to be modified

Montana – hire a new person

South Dakota – hire cost analyst

Tennessee – pull current data from existing systems

Are states contracting with consultants to lead them through implementation? Who? And, what did they contract for? (MT)

States

Connecticut

Massachusetts

Who contracting?

State Controller Office

Howard Sullivan P&P

D. Touche

What did they contract for?

Technical Assistance Proposal

MODIFIED APPROACH

How do states plan on arriving at “maintenance levels?” (AL)

Florida – standards

Michigan – sufficiency ratings

Tennessee – auditor – disclose information in notes to statements

Texas – no history to set LOS; auditor – agree on common set of criteria

How are states establishing their condition policies? (CO)

Based on history

Asset management system (put., bridge, sign, etc.)

What methods are states using to establish an appropriate condition level? (WI)

How will states arrive at their reported maintenance levels? (AL)

What is the range, median, mode, etc. of acceptable deficiency levels that are being reported? And, how many are reporting a single deficiency level for both roads and bridges versus a deficiency level for each? (OH)

Alabama, Tennessee – 2 standards; Roadway and Bridge

What methods are states using to estimate the cost of maintaining assets at the established condition level? (MN, WI)

District of Columbia – PMS (Pavement Management System)
Montana – performance measures. Set benchmark & achieve that
Some states by trend – trial & error

How are the states reporting their condition assessments? What measures are being used? What acceptable condition level is being established and how is it being set? (MN, WI)

What costs are states including in the list of cost to “maintain and preserve” infrastructure? (WI)

How much of an impact is the threat of having to move to depreciation having on setting targeted condition levels? (TX)

DEPRECIATION APPROACH

What useful lives are being adopted? What methods are being used? (MD, NM)

Surface – 8 years; Subsurface – 50 years; stripping 1 year; various standards

What methods are being used to determine annual maintenance costs when using the modified approach? (MI)

Works codes
Composite
American Appraisal
Eng. Estimates
AASHTO
Straight Line
Curve
Design Standard

How are the states grouping assets for depreciation? (MD)

See “asset definitions and groupings”

CAPITALIZATION

What types of operating costs are other states expensing and not even considering part of the annual cost to maintain or preserve a roadway? Is (or should) the service life of the activity be part of the criteria? (WI)

Routine maintenance does not extend the useful life of the asset

Alabama – classified up front by project

Tennessee – Determine capitalization by type of project

How is CAFR done?

Statewide

Alabama
Nebraska
New Mexico
New York
Montana
South Carolina
South Dakota
Tennessee
Texas

DOT

Arizona
Kentucky
Wyoming
Kansas
Michigan

Capitalization consistency

- Alabama – no capitalization until close out project;
once a year “re” capitalize; do new average???
- Arizona – average cost by route number
When open to traffic – (partial) capitalize all roadway
- New Mexico – approval of completion
- New York - % (?) of completion
- South Dakota – approval of completion
- Tennessee – Completion notice
- Texas – 85% substantially complete; in use; maintaining roadway
WIP – don’t have to report on condition

Capitalization Thresholds

- Florida – none
- Texas - \$500 K
- Others

How are states handling “work in progress?” (WV)

- Expenditures after open to traffic start depreciation. Anything prior to this is work in progress
- Kentucky – Road open – final payment – hits inventory system
- Massachusetts – 90% completion
- Mississippi, Oklahoma – Stages – completed – final voucher payment is defining point
- Pennsylvania – When bill comes in (Wooster method) – does not have work in progress
- Tennessee – if project status = construction & If project type + capital & If project is active, then work in process = life to date costs
- Texas – 85% completion
- Vermont – final acceptance

Do any states plan to go back beyond 6/15/80 for retroactive reporting? (AL)

<u>Yes</u>	<u>No</u>
Alabama	Louisiana
Arizona	Mississippi
New York	New York
South Dakota	Vermont
Tennessee	
Everyone else – different years	

Why go past 1980?

- Oklahoma – all federal highway construction before 1980

MISCELLANEOUS

How many of you developed policies that were approved by your state auditors prior to implementation? (OH)

- Louisiana
- Montana
- New York
- South Dakota
- Texas
- West Virginia

What are other states doing to help locals implement GASB 34? (MI)

Alabama – not yet asked
Louisiana – task force on local level loan & engineering
Massachusetts - engineering
Montana – including cities and counties on teams.
South Dakota – new hire to be liaison
Tennessee – Provided roadway information as requested
Texas – online information
Virginia – Website – inventory

What investment have states made in systems/people in order to implement? (SD)

Local government – issues with land, subdivisions
Ensure there is no duplication of assets between state DOT and local government
\$150,000 Registration
Just staff time
No new system for GASB in near future
Having contractor add lane Donate to DOT – How to put on books?

- Contribution Statement
- Not revenue – on operating line
- Record in kind contribution in project cost?

Mineral rights? – buy it, with property
Arizona – data warehouse, asset management
South Dakota, Montana – new positions/people
West Virginia – State-in-house fixed asset computer system with upgrade of current system

Impact of Catastrophic disaster on your standards?

1. Lower standard or explain
2. 1 strike and your out situation
3. Set GASB 34 standard lower than internal standard
4. Establish LOS standards
5. Clearer/better definition of mtce

How long have you been working on GASB 34 implementation?

Alabama – 2 months
Arizona – 16 months
District of Columbia – 6 months discussion/systems are in place – (no action to date to implement)
Montana – teams – starting
Nebraska – starting
New Mexico – 4 months
New York – 1 year
Ontario – leading the process
South Carolina – a few months
South Dakota – 1 month – legislated in prior year
Tennessee – 2 years
Texas – 2 years